

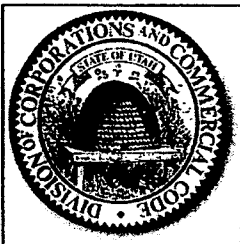


Klare Bachman
Executive Director
Department of Commerce

Olene S. Walker
Governor
State of Utah

Kathy Berg
Director
Division of Corporations
& Commercial Code

DAVID LAMAR PENNEY
PENNEY'S GEMSTONES LLC
2400 E 30 S
BEAVER UT 84713



State of Utah
Department of Commerce
Division of Corporations & Commercial Code

CERTIFICATE OF REGISTRATION

LLC - DOMESTIC

This certifies that **PENNEY'S GEMSTONES LLC** has been filed and approved on **5/23/2001** and has been issued the registration number **4925197-0160** in the office of the Division and hereby issues this Certification thereof.

A handwritten signature in cursive script that reads "Kathy Berg".

KATHY BERG
Division Director

FEB 02 2004

UTAH STATE DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

UTAH MINED LAND RECLAMATION ACT
Chapter 8, Title 40
Utah code Annotated
Amended 1987

TRANSFER OF NOTICE OF INTENTION
SMALL MINING OPERATIONS

SMALL MINING OPERATION

Name of Claim/Mine: Lost Gems #1

File Number as Assigned by DOGM (Original Notice): S, 0101056

Legal Description (Location of Lands Affected): see file

1/4 1/4 1/4 Section Township Range County

1/4 1/4 1/4 Section Township Range County

Attach a topographic map (labeled as Appendix "A") of suitable scale (max. scale, 1 inch = 200 ft., 1 inch = 100 ft. preferred) which clearly outlines the existing disturbed area boundaries affected by the small mining operation through the date of this transfer.

CURRENT OPERATOR (Transferor)

Name of Company/Operator: David Penney / Penney's Gemstones

Address: 2400 East 30 South P.O. Box 312

City: Beaver State: UT Zip Code: 84713

Telephone Number: (435) 438-5522

Signature: [Signature]

Name (Type or Print) David Penney

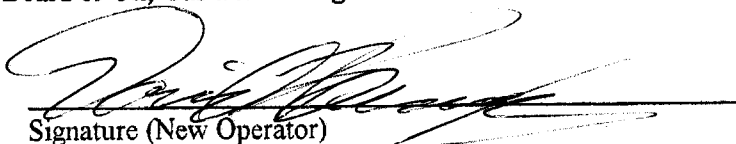
Title/Position: Owner Operator Date: 1/28/04

I hereby transfer the notice of intention and the reclamation obligation for the aforementioned small mining operation to: Penney Gemstones LLC

NEW OPERATOR (Transferee)

Name of Company/Operator: Penney's Gemstones LLC
Address: 2400 East 30 South P.O. Box 312
City: Beaver State: UT Zip Code: 84713
Telephone Number: (435) 438-5522

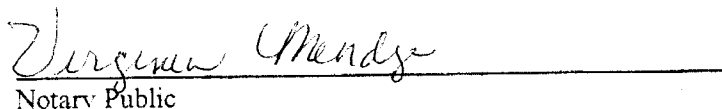
I hereby commit to conduct mining operations and to reclaim the aforementioned small mining operation as required by the Utah Mined Land Reclamation Act (40-8) and Minerals Rules R647-3 et seq. as promulgated and approved by the Board of Oil, Gas and Mining.


Signature (New Operator)

David Penney
Name (Type or Print)

R.A. / President
Title/Position

Subscribed and sworn before me this 30th day of January, 2004.


Notary Public

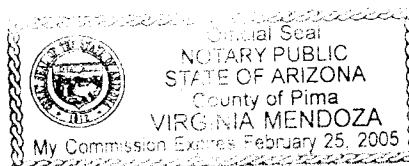
My Commission Expires:

Feb 25, 2005

State of AZ)

County of Pima)

) ss.



DIVISION APPROVAL CERTIFICATION

This is to certify that I have examined this application for transfer of the aforementioned small mining operation and do hereby grant approval of the same, subject to the following limitations:

- (a) This transfer of small mining permit grants only the right to affect the lands as legally described in this application.
- (b) The transferee, or such other person as required by UCA 1953, Title 40-8, as amended, has acquired the legal right to enter and mine the lands as described in this application.
- (c) A topographic map of suitable scale is attached (as Appendix "A") which clearly outlines and labels the existing disturbed area boundaries through the date of this transfer.

COMMENTS:

APPROVED BY:

Lowell P. Braxton, Director
Division of Oil, Gas and Mining

Effective Date: _____